

CITY COUNCIL

Committee of the Whole

Monday, May 14, 2012

Council Office

5:00 pm

Agenda

Although Council committee meetings are open to the public, public comment is not permitted at Council Committee of the Whole meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the President of Council.

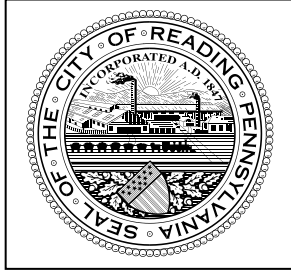
All electronic recording devices must be located behind the podium area in Council Chambers and located at the entry door in all other meeting rooms and offices, as per Bill No.27-2012

I. RAWA Lease Agreement

- **Billing Fee**
- **Collection of Sewer Fees**

II. Tax Amnesty Program Ordinance Review

II. Agenda Review



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
April 23, 2012
5:00 P.M.

COUNCIL MEMBERS PRESENT:

M. Goodman-Hinnershitz, D. Sterner, D. Reed, F. Acosta, R. Corcoran, S. Marmarou, J. Waltman

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, L. Murin, M. Torres, D. Cituk, C. Younger

Council President Acosta called the Committee of the Whole meeting to order at 5:13 p.m.

I. Water Authority Lease Agreement Review

Mr. Acosta reviewed the issue to date.

Mr. Spencer arrived at this time.

Mr. Waltman stated that this issue was discussed briefly during budget preparation. He stated that the current language is more favorable but noted his concern that the land is removed from City control. He stated that he does not wish to hijack the discussions but that there is no need for the Water Authority to be the landowner.

Mr. Marmarou stated that this issue was reviewed in the past and there was no objection by Councilors. Mr. Waltman stated that he was always opposed to the Ontelaunee land transfer.

Mr. Marmarou stated that easements were at issue during the former discussions. Ms. Reed stated that there were also run-off issues and contamination issues regarding chemicals used on the proposed fields getting into the water supply.

Mr. Acosta stated that Ontelaunee Township proposed soccer fields for a portion of this land. The rest of the area is within a conservation district. He noted the need for Council to move forward on this issue.

Ms. Kelleher stated that Mr. Miravich has spoken with Mr. Setley. Mr. Setley stated that the Water Authority's position has not changed and that the increased payments have already begun. She stated that the Water Authority needs this assurance to ensure that the land will not be sold by the City.

Mr. Waltman stated that the increased payments have been received by the City and have been used. He stated that budget discussions occur within a leveraged time frame. He stated that the Water Authority's goal was to preserve the land. He stated that he recommended a clause in the agreement that the City preserve all land in the water shed needed by the Water Authority. He stated that the draft agreement requires written consent of the City before the Water Authority can sell the land, but does not require Council approval.

Mr. Spencer stated that the Administration cannot sell land. Mr. Waltman stated that the City would no longer be the landowner.

Mr. Acosta requested a legal opinion. Mr. Younger stated that it would depend on the wording of the agreement.

Ms. Goodman-Hinnershitz stated that the City is also given the right of first refusal to purchase the land from the Water Authority at market value. She stated that this issue should have been addressed sooner.

Mr. Waltman stated that review began during budget season but that the written agreement was not seen until approximately one month ago. He noted his discomfort with anyone beside the City holding the land. He noted the need for the agreement to be clear about what defines written consent and who may sign

the consent. He stated that if the Water Authority does not intend to sell the land, this clause should not be included. He stated that this agreement is leveraging the City and has loopholes.

Mr. Spencer stated that the agreement requires City consent and that the Mayor cannot sell land. Mr. Waltman noted his understanding of this statement but stated that the Mayor can sign many documents and that the City will no longer be the owner of this property after the lease agreement is signed. He noted the need for the agreement to better define this approval process.

Mr. Acosta agreed with the need for the agreement to be specific. Mr. Younger stated that the agreement would dictate the process for the Water Authority to sell the land. He stated that as written, the Mayor can sign the sales agreement.

Mr. Waltman stated that this leaves the City exposed to the land sale. Ms. Goodman-Hinnershitz stated that she understands Mr. Waltman's position but that the issue should have been addressed before the increased payments were accepted. Mr. Waltman stated that he did not agree to the Water Authority being able to sell this land.

Ms. Goodman-Hinnershitz stated that the City has the right of first refusal. Mr. Waltman stated that the Water Authority wanted a tangible asset to offset the increased payments. He questioned if the body agreed that the Water Authority would have control of whether to sell this land in the future.

Ms. Reed agreed with Mr. Waltman. Mr. Waltman noted the need for the agreement to align with Council's intent.

Mr. Acosta noted that Mr. Setley made the Water Authority's position very clear.

Mr. Spencer questioned why the Water Authority would sell the land if they bought it to prevent the sale by the City. Ms. Reed stated that this is a long term agreement and a future board may wish to sell the land. Mr. Waltman stated that this is a large issue in the City's long term future as it exposes the City to this loss of land.

Mr. Younger stated that there were other reasons the Water Authority did not support the land sale.

Mr. Waltman stated that he could agree to the Water Authority owning the land if the agreement states that it will never be sold.

Mr. Sterner reviewed the memo from Fox Rothschild. He stated that this memo describes the land sale options. He requested that Mr. Younger review this memo.

Mr. Waltman noted the need for the agreement to either state that the City will preserve the land forever or sell the land to the Water Authority and that they will preserve the land forever.

Mr. Younger stated that that statement assumes that future Council's will not change the lease agreement. Mr. Waltman noted that his concern is how the lease agreement is currently worded.

Mr. Acosta stated that the lease agreement amendments should have been discussed before the payments increased and were accepted.

Mr. Waltman stated that Council was not involved in the negotiations but now must ratify the agreement.

Mr. Acosta noted his belief that Council was okay with the amendments until recently. Mr. Waltman questioned if the intent of the body was to allow the Water Authority to sell the land.

Mr. Acosta stated that Council can disband the Water Authority. Mr. Waltman noted his understanding but stated that if the City does not have funds to purchase the land during their right of first refusal a third party will control this land.

Mr. Acosta stated that Mr. Setley should have been present for this meeting.

Mr. Waltman stated that the body agreed to these items conceptually but questioned the body's agreement that the Water Authority have the ability to sell this land. He stated that the Water Authority and Council should not assume that this was part of the initial agreement.

Mr. Sterner questioned why the Water Authority would not agree to retain the land.

Mr. Spencer stated that this is a trust issue. He stated that the City wanted to sell the land to Ontelaunee Township. He stated that the Water Authority opposed this sale and the City leveraged the Water Authority into paying to preserve the land. He stated that Water Authority customers do not appreciate their payments for water and sewer service going into the City's general fund. He questioned if they would really sell the land.

Mr. Sterner stated that the City has also been in this position at the Reading Regional Airport. Mr. Spencer stated that the County Commissioners were involved at the Airport. Ms. Kelleher stated that the County may become involved with the Water Authority as regionalization is discussed.

Ms. Reed agreed with Mr. Sterner and Ms. Kelleher and stated that there is no guarantee for the future the way this agreement is written.

Ms. Goodman-Hinnershitz suggested that Council either vote this evening or schedule a meeting with the Water Authority. She stated that the increased payments have already begun and noted the need for the most favorable agreement.

Mr. Acosta took a straw poll which showed that there was not enough support to move action forward at this evening's meeting.

Mr. Sterner stated that if the Water Authority is disbanded that the land would come back to the City. Mr. Waltman stated that that was true of assets owned by the Water Authority at the time but it may be too late for that land.

Ms. Reed stated that once there is an agreement of sale, it would be too late. Ms. Kelleher stated that the process to disband the Authority is lengthy and could not occur before the sale of the land.

Mr. Waltman agreed with the need to move forward on the agreement. He stated that the agreement includes this clause but that does not mean that this was Council's intent.

Mr. Corcoran noted the need for the agreement to specify who and how the City gives written consent to any sale of land.

Ms. Reed suggested that Mr. Waltman work closely on this issue as it moves forward. She stated that Council sets the terms of the agreement even though the payments have already increased. She noted the need to proceed cautiously.

Mr. Acosta suggested that Mr. Waltman and two other Councilors meet with representatives of the Water Authority and Mr. Setley. Mr. Waltman suggested that Mr. Corcoran and Mr. Younger also attend.

Mr. Marmarou requested that the entire body of Council participate. Mr. Acosta stated that discussions be scheduled during a Committee of the Whole. Ms. Kelleher suggested a meeting on April 30. She stated that this is a fifth Monday but that a waste water treatment plant update is already scheduled from 5 – 7 pm that evening. She suggested this meeting begin at 7 pm and also include Mr. Miravich.

II. Authority Membership

Mr. Lloyd arrived at this time.

Mr. Acosta expressed his belief that this discussion had concluded. He stated that authorities are established through State statute that the City cannot make changes. He stated that the final remaining question is whether a Council member should serve on the Water Authority.

Ms. Goodman-Hinnershitz expressed the belief that this would be similar to Councilors serving on the Recreation Commission. She noted that it would be important for Council to be represented on the Water Authority.

Mr. Acosta noted that this would need to be by Council resolution.

Mr. Waltman noted the need to avoid any conflicts of interest. He stated that this was never done in the past. He expressed his belief that there would be value in this but that it is important to keep separation as the Council representative would be ratifying agreements on both sides.

Mr. Acosta noted the need for Council to conclude discussions on topics as they are able.

Mr. Sterner expressed his belief that a Council representative on the Water Authority is not necessary even with the current situation.

Mr. Acosta took a straw poll which showed that there was not support to place a Councilor on the Water Authority.

Mr. Sterner stated that it would put the other authority members in an awkward position as well as the Council representative.

Ms. Reed expressed her belief that with the current situation that it is imperative that Council has representation. She suggested this topic be discussed at the next Nominations and Appointments Committee meeting.

Mr. Waltman expressed his belief that control by presence is not a best practice. He stated that a better way would be to lock down agreements with the City in a better position.

Mr. Acosta stated that there is one vacancy on the Water Authority. He noted the need for Council to bring a name forward. He stated that Mr. Lloyd cannot vote on some issues and that if another member is absent, with one vacancy, there are quorum issues.

Mr. Waltman noted his support of citizen representation on boards, authorities and commissions (BAC). He stated that the guidance given by RAWA legal counsel can sometimes interfere with members' good intentions. He suggested increasing turnover of legal counsel. He stated that this would require new policies.

Ms. Reed suggested term limits on members and on legal counsel.

Mr. Marmarou noted the problems encountered trying to fill all BAC positions as it is.

Mr. Spencer expressed his belief that Mr. Setley is not swaying the Water Authority. He stated that the membership currently has strong personalities and they are good people. He stated that good people come on as new members and buy into the existing position of members.

Ms. Kelleher stated that once a member is appointed they cannot be removed without cause.

III. Reducing the Threshold for Council Approval from \$25,000 to \$10,000

Ms. Kelleher stated that this was added to the agenda as the Finance, Audit and Budget Committee was unable to address the topic at their meeting due to time limitations.

Mr. Acosta noted the need to withdraw the introduction of the ordinance removing the Managing Director's ability to waive the use of the procurement process.

Ms. Goodman-Hinnershitz stated that she was unclear how that ordinance was inter-related to the reduction of the threshold.

Mr. Acosta stated that both of these issues will be discussed at the May Finance, Audit and Budget Committee meeting. He suggested that this be as a Committee of the Whole.

IV. Hampden Marion Fire Station

Mr. Marmarou stated that he was contacted by Fire Department employees regarding the condition of the Hampden Marion Fire Station. He stated that the City should be ashamed of these conditions. He stated that he visited the fire station and described the many issues. He questioned who inspects City buildings.

Mr. Waltman stated that all these issues stem from the station needing a new roof. He questioned if repair was in the Capital Budget and if it was not, why that would be.

Ms. Kelleher stated that Council approved this work and a contractor was obtained. She stated that the contractor walked away from the project and suggested the Administration review the issue.

Mr. Spencer stated that he has not been contacted by the union president about these issues and stated that he does recall approving the work when he was Council President.

Mr. Waltman questioned who should report these problems. Mr. Spencer stated that it should be Public Works. He stated that he will follow up with Mr. Jones.

Ms. Goodman-Hinnershitz expressed her pleasure that the Administration will pursue this issue. She noted the need for City buildings to meet codes requirements. She stated that this is also a public safety issue.

Mr. Acosta stated that all these repairs are necessary because a water leak was not controlled.

Mr. Waltman noted his concern that the channels of communication are not functioning. He questioned why Council has not heard about these problems from command staff.

Ms. Goodman-Hinnershitz reminded Council that the press is present. Mr. Younger stated that discussion can continue as long as specific names are not mentioned.

Mr. Marmarou noted the need for the City to pay fire personnel when apparatus must be repaired at far away locations. Ms. Kelleher stated that Chief Squibb has rectified this situation.

Mr. Spencer stated that he has not heard about these problems from the Fire Chief or the union representation. He stated that he will follow up with Public Works and the IAFF.

Mr. Acosta requested a follow up report from the Administration.

V. Agenda Review

Mr. Acosta stated that this evening's agenda is extremely short.

Mr. Sterner stated that during the work session review of the Quality of Life issue the Administration was to prepare a report. Mr. Acosta stated that Mr. Agudo is preparing the report and Council will receive it in several weeks.

Ms. Kelleher stated that the Administration has requested adding the introduction of the ordinance to set the salary of the Fire Chief. Mr. Spencer stated that Chief Squibb will be stepping down in June.

Mr. Agudo arrived at this time.

Council reviewed this evening's agenda including the following:

- Resolution authorizing an amendment to the FFY 2011 ESG Action Plan

Mr. Agudo stated that he was present to answer any questions. He stated that a presentation was made at the Finance, Audit and Budget Committee.

Ms. Goodman-Hinnershitz noted that this is a good plan. She noted the increase in homeless people in downtown Reading.

Mr. Acosta noted that more and more families are being confronted with homelessness.

Ms. Reed noted that there is no job growth.

Mr. Acosta stated that the Administration is working to bring 150+ jobs to Reading.

Mr. Waltman noted the need for the City's strategies to work along with State and Federal issues to reduce homelessness. He stated that the City must institute its housing issues flawlessly and that they cannot be diluted by other issues.

Mr. Acosta stated that compounding the issue is decreased funding. He stated that a person's immigration status also affects their ability to receive assistance.

Mr. Waltman stated that the City is not spending their funds effectively. He stated that the City is constantly treating the symptoms.

Mr. Acosta noted that some states are beginning to require drug testing prior to receiving benefits.

Ms. Goodman-Hinnershitz requested that Councilors consider their statements if they are made without all the facts. She stated that most social service agencies are facing significant funding cuts and that they are under much scrutiny and oversight. She stated that poor people go where costs are lower. She noted that

if Council wishes to become educated on these issues that they invite other agencies to a future meeting.

Ms. Reed questioned the City's responsibility in this issue and where the line is drawn. Mr. Acosta agreed stating that government and agencies cannot do everything for people. He stated that Council will be discussing incentives for businesses who wish to locate in Reading which will increase jobs.

Ms. Reed also noted the need for the City to de-densify and reverse illegal conversions of single family homes into apartments. She stated that many people don't care for their own families.

Mr. Spencer stated that as the City implements its housing strategy people will be forced from their homes. He questioned where they would go.

Mr. Acosta questioned if the tenants in the building at 9th & Walnut Sts were Section 8. He questioned why this building was not inspected and noted that the left hand does not know what the right hand is doing. Mr. Spencer stated that the City had inspected the building and their work decreased casualties from this fire. He stated that the property owner does not have insurance.

Ms. Goodman-Hinnershitz stated that the City requires insurance to secure housing permits. She questioned how this would be enforced. Ms. Reed agreed and stated that this situation occurs many times with fires within the City. Mr. Younger stated that as it is a requirement for housing it may be a quasi criminal offense.

- Non-Violence Week

Ms. Goodman-Hinnershitz distributed a flyer detailing the activities to be held during Non-Violence Week. She stated that the representative could not attend the meeting this evening and questioned when these items could be described during the meeting. Mr. Spencer stated that he would include them with his report.

- Ordinance creating a Tax Amnesty program

Mr. Younger stated that the legal specialist working on this issue is concerned that the program is being introduced this evening. Ms. Kelleher stated that she

intentionally wrote the ordinance provide the Administration with the flexibility to choose the taxes it would pursue and the portions that would be excused.

Mr. Acosta suggested introducing the ordinance and discussing it at the next Finance, Audit and Budget Committee.

Mr. Waltman stated that he has many questions and that this item needs detailed discussions.

Mr. Spencer stated that the Administration has not yet decided on the details.

VI. Reducing the Threshold for Council Approval from \$25,000 to \$10,000

Mr. Waltman questioned if this issue could be completed as there was still time before the regular meeting begins.

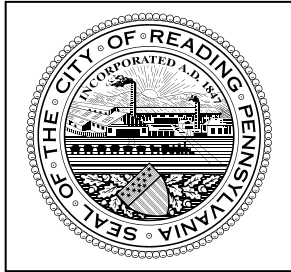
Ms. Goodman-Hinnershitz stated that the issue is complicated and will require extensive discussion.

Mr. Acosta stated that this is why he suggested it be discussed as a Committee of the Whole topic on the Finance, Audit and Budget Committee. He stated that there are amount issues and process issues that need to be reviewed.

Mr. Sterner questioned if the two issues are the reduction to \$10,000 and the purchasing policy amendment being introduced. Mr. Acosta stated that is correct and the introduction of the purchasing policy amendment will be withdrawn from the agenda. He stated that the issue is complicated.

The meeting adjourned at 6:32 pm.

Respectfully
Submitted
Linda A. Kelleher, CMC, City Clerk



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES April 30, 2012 5:00 P.M.

Councilors Attending: F. Acosta, D. Reed, R. Corcoran, S. Marmarou, J. Waltman, M. Goodman-Hinnershitz, D. Sterner,

Others Attending: L. Kelleher, V. Spencer, L. Murin, C. Younger, J. Miravich, K. Mooney, M. Vind, T. Vesey, C. Jones, R. Johnson, D. Hoag

Mr. Acosta called the session to order at approximately 5:10 pm. He stated that this session will be an update on the Wastewater Treatment Plant (WWTP) project and the Consent Decree. Mr. Miravich cited the docket number of the court case and cited from the Sunshine Act.

Mr. Vesey stated that this session is a follow up to the high level summary provided at the April 16th Work Session. As a recap:

- The new design of the project will rehabilitate and replace various components at the WWTP.
- An extension request can be submitted to the Department of Justice (DOJ) after the Act 537 Plan is reviewed and approved by the Pa DEP and USEPA - review and approval generally takes four (4) months.
- The WWTP and collections system is being evaluated and rehabilitated together.

- The replacement of the Force Main and Pump Stations are the most highly prioritized along with the smoke testing of the collections system, which will identify leaks. He stated that estimates for the projects are \$189,830,000, which is a savings of \$150,000,000.
- Short term and long term financing packages are being prepared along with several grant applications; long term bonds will be secured by revenue from the sewer system. All financing will be covered by the WWTP, not the General Fund. A rate study is underway and will determine the collateral for the project.
- IMAs (Inter Municipal Agreements) with outlying customers are being negotiated

A summary of the project schedule as follows:

- May 2012 – Feb 2013 Act 537 Plan completion and approval
- June 2012 – seek extension from DOJ
- November 2013 – Receive Notice to Proceed (NTP) from DOJ
- May 2015 – Design Permitting
- October 2015 - NTP for construction
- March 2019 – WWTP construction start/close
- September 2019 – Consent Decree Termination

The Executive Session concluded at approximately 6:30 pm.

RAWA Utility Billing

Mr. Acosta inquired about the status of the sewer billing by RAWA. Mr. Spencer stated that the matter is settled and that sewer transfers will occur daily with a one (1) day lag.

Mr. Waltman inquired about the pro-ration of the transfers. Ms. Hoag stated that RAWA is providing confirmation in writing.

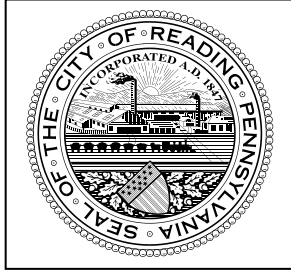
Trash and Recycling Billing

Mr. Acosta inquired if RAWA will also be taking trash and recycling billing. Mr. Murin stated that RAWA will take on this component in approximately six (6) months.

Ms. Kelleher suggested that the Administration reevaluate the billing of trash and recycling, as this billing could be added to the property tax bills generated by the County Treasurer. She stated that it would be cheaper to bill with the property taxes, as the bills would go out only one (1) time, rather than 12 times. She also noted that adding the billing to property taxes would enable the City to receive their money earlier, rather than sporadically over a 12 month period. City Council agreed. Mr. Spencer agreed to reevaluate trash and recycling billing.

The Committee of the Whole meeting adjourned at approximately 6:50 pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
May 7, 2012
5:00 P.M.

COUNCIL MEMBERS PRESENT:

F. Acosta, D. Reed, J. Waltman, D. Sterner, R. Corcoran, S. Marmarou, M. Goodman-Hinnershitz

OTHERS PRESENT:

L. Kelleher, C. Younger, V. Spencer, E. Lloyd

The Committee of the Whole meeting was called to order at 5:00 pm by Council President Acosta.

I. Executive Session

Mr. Acosta announced that Council would be entering executive session for the following reasons:

1. Sunshine Act section 708 Executive Sessions (a) (1) to discuss any matter involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of performance, promotion or disciplining of any specific prospective public officer or employee or current public officer or employee employed or appointed by the agency, or former public officer or employee, provided, however, that the individual employees or appointees whose rights could be adversely affected may request, in writing, that the matter or matters be discussed at an open meeting. The agency's decision to discuss such matters in

- executive session shall not serve to adversely affect the due process rights granted by law, including those granted by Title 2 of the PA Consolidated Statutes (relating to administrative law and procedure). The provisions of this paragraph shall not apply to any meeting involving the appointment or selection of any person to fill a vacancy in any elected office.
2. Sunshine Act section 708 Executive Sessions (a) (3) to consider the purchase or lease of real property up to the time an option to purchase or lease the real property is obtained or up to the time an agreement to purchase or lease such property is obtained if the agreement is obtained directly without an option.

Council entered executive session at 5:02 pm.

Ms. Goodman-Hinnershitz arrived at this time.

Mr. Lloyd left the meeting at this time.

Council exited executive session at 5:40 pm.

II. Liquor License Hearing – 1626 Perkiomen Ave

Ms. Goodman-Hinnershitz stated that there was a recent shooting in close proximity to this location. She requested a second meeting after the public hearing to address the shooting. Mr. Younger suggested that residents will speak about the shooting during their testimony and there is no need for a second meeting.

Mr. Mukerji and Mr. Boscov arrived at this time.

Mr. Acosta expressed the belief that citizens will address the shooting during their testimony.

Ms. Goodman-Hinnershitz stated that many notices were mailed.

Mr. Acosta questioned who would lead the hearing. Ms. Kelleher stated that Mr. Acosta would lead the hearing.

Mr. Acosta stated that he is willing to announce that a second meeting will be held after the hearing.

Mr. Waltman stated that this information is directly related to the liquor license application.

Ms. Goodman-Hinnershitz suggested that testimony can address the recent shooting. She suggested the second meeting as an update. Mr. Younger stated that this is an ongoing investigation and Chief Heim would have very little to say.

Ms. Kelleher stated that she requested that the Police present testimony on crime within a four block radius of the proposed location. She stated that the best way to deny a permit is to show public safety issues. She stated that the hearing has been relocated to the Penn Room.

III. ICC Update

Ms. Goodman-Hinnershitz stated that many of the topics discussed by the ICC overlap with Council committees. She noted the need for better coordination.

Mr. Agudo and Mr. Wright arrived at this time.

Mr. Spencer stated that this is why Councilors were invited to attend ICC meetings.

Mr. Acosta stated that Ms. Kelleher has been working with Mr. Hoh and he will be attending a June Committee of the Whole meeting to address Council. He stated that a summary is not needed but specific topics will be addressed.

The Committee of the Whole meeting adjourned at 5:47 pm.

Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk

**THIRD ADDENDUM TO THE TO LEASE AND OPERATING AGREEMENT
BETWEEN THE CITY OF READING, PENNSYLVANIA AND
THE READING AREA WATER AUTHORITY**

THIS THIRD ADDENDUM, dated this ____ day of _____, 2012 (“Addendum Date”) (the “Third Addendum”), is hereby agreed upon by the City of Reading, Berks County, Pennsylvania (“City”), and the Reading Area Water Authority (“Authority”), and hereby amends the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

RECITALS

A. WHEREAS, the Authority has been incorporated pursuant to an ordinance of the Council of the City and is existing under the provisions of the Act of Assembly approved May 22, 1945, P.L. 382, as amended and supplemented, known as the “Municipality Authorities Act of 1945” (the “Act”);

B. WHEREAS, the City leases its Water System to the Authority pursuant to the terms of the Original Amended Lease (hereinafter defined);

C. WHEREAS, the parties mutually desire to enter into this Third Addendum to facilitate certain additional payments to the City by the Authority to assist in the Act 47 recovery program of the City.

NOW, THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, hereby, covenant and agree as follows:

(1) Definitions. Unless otherwise defined herein, all capitalized terms used in this Third Addendum shall have the meanings ascribed to them in the Original Amended Lease.

(a) All references in this Third Addendum or the Original Amended Lease to the “Lease” or “herein” or “hereunder” or other similar terms shall mean the Original Amended Lease, as amended by this Third Addendum.

(b) “Original Amended Lease” shall mean the collective agreement by and between the City and the Authority as evidenced by the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January 1995 and amended in October 1997 and December 2010.

(2) Lease Payments.

(a) 2012 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2012 shall be FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$5,920,000). The FIVE MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS (\$5,920,000)

Financing Fee shall be used when calculating any reconciliation of the 2012 Lease payments.

(b) 2013 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2013 shall be SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000). The SIX MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS (\$6,470,000) Financing Fee shall be used when calculating any reconciliation of the 2013 Lease payments.

(c) 2014 Lease Payment. The Authority agrees that the Financing Fee component of the Original Amended Lease for calendar year 2014 shall be SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000). The SIX MILLION SIX HUNDRED SEVENTY THOUSAND DOLLARS (\$6,670,000) Financing Fee shall be used when calculating any reconciliation of the 2014 Lease payments.

(d) Subsequent Lease Payments. All lease payments due after the 2014 calendar year shall be calculated and paid in accordance with the terms of the Original Amended Lease.

(e) Meter Surcharge Payments to Continue. The Authority shall continue to pay to the City ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000) annually, which shall be due and payable to the City each calendar year in equal monthly installments in accordance with Article VI of the Original Amended Lease.

(3) Conveyance of Ontelaunee Property.

(a) The City hereby agrees to convey to the Authority the approximately one hundred twenty (120) acre parcel of land located in Ontelaunee Township, Berks County, Pennsylvania owned by the City in which the Authority's raw water conveyance mains are located (the "Ontelaunee Property") as soon as practicable after the execution hereof.

(b) If subdivision planning is required to allow the Ontelaunee Property to be conveyed, the City hereby appoints the Authority as its agent to prosecute a subdivision plan with Ontelaunee Township. Notwithstanding the foregoing, the City shall not bear any responsibility for the Authority's actions while prosecuting such subdivision nor shall the City be responsible for contributing to any fees, costs or resources required for the prosecution of such subdivision.

(c) In furtherance of the foregoing, the Authority hereby waives all restrictions associated with the Ontelaunee Property resulting from the Second Addendum to the Original Amended Lease and will execute a document evidencing such waiver to be recorded by the City with the Berks County Recorder of Deeds Office at the Authority's expense.

(d) In connection with the conveyance of the Ontelaunee Property to the Authority, the Authority agrees that it shall not sell, convey, transfer or mortgage any interest to the Ontelaunee Property to any third party or use the Ontelaunee Property as collateral to secure any debt or obligation. To the extent the preceding restriction is unenforceable, then any conveyance from the Authority to a third party shall be subject to (a) the prior written consent of the City executed by the City's Mayor and authorized by Ordinance (which consent may be withheld by the City in its sole and absolute discretion) and (b) a grant of a right of first refusal in favor of the City to match the purchase price any such firm offer to purchase the Ontelaunee Property by a third party (within ninety (90) days from the City's receipt of notice of such firm offer) as a condition precedent for the effectiveness of any such conveyance. Such requirement for City's prior written consent and right of first refusal prior to the conveyance of the Ontelaunee Property to a third party shall be recorded against the Ontelaunee Property. In addition, prior to any transfer of interest of the Ontelaunee Property to a third party by the Authority, the Authority shall reserve and record easements in favor of the City associated with all above and underground improvements on the Ontelaunee Property associated with the extraction, treatment or conveyance of potable water. In furtherance of the foregoing, the Authority obtain authorization from the City Council by Ordinance prior to executing any form of agreement conveying an interest in the Ontelaunee Property (including, without limitation, a purchase sale agreement, leasehold interest, mortgage, easement or right-of-way).

(4) Conveyance of Store Yard Property. The City hereby agrees to convey to the Authority the City-owned land accessible from Kutztown Road in the City of Reading and commonly known as the "store yard" property as soon as practicable after the execution hereof, subject to all encumbrances on such "store yard" property.

(5) Vacation of Moss Street (unopened) between Exeter Street and Hiester's Lane. The City shall take such actions as are necessary to vacate the unopened portion of Moss Street located north of Bern Street and south of Rockland Street in the City of Reading, which will cause the land on which such unopened street is located to become vested in the adjacent property owners unless otherwise provided by applicable laws.

(6) Authority Billing for Sewer Service and Other Services. The Authority agrees to assume responsibility for billing of sewer service accounts and such other accounts as the City requests the Authority to provide billing services, all of which will be in conjunction with the Authority's billing of water service accounts. The City shall pay to the Authority the Authority's actual cost of providing such sewer and other City requested billing services. Absent an agreement to the contrary entered into subsequent to the date of execution hereof, the costs to be paid by the City to the Authority for such billing services shall be half of the actual, commercially reasonable costs directly incurred by the Authority to maintain the billing system and generate and mail the joint Authority and City bills. The Authority will invoice the City for the same. The City shall pay such invoice within forty-five days of the City's receipt of the invoice unless the amount calculated by the Authority is reasonably disputed by the City. The Authority shall make available to the City upon request the records used in the calculation. The Authority shall maintain such records for no less than five (5) years. Unless otherwise

terminated, modified or extended by a separate written agreement signed by the Authority and City, this Section 6 of the Third Addendum shall terminate and be of no effect on and after January 1, 2014, except that the City shall pay for any costs incurred by the Authority in accordance with this Section 6 of the Third Addendum prior to January 1, 2014, upon the City's receipt of an invoice for such costs after the termination of this Section 6 of the Third Addendum.

(7) Allocation of Revenues. The Authority shall equitably and ratably allocate and distribute payments received by the Authority on the behalf of joint customers. The Authority and City agree to cooperate in good faith to establish a formal administrative policy governing such allocation and distribution.

(8) Sewer Multiplier. In connection with its agreement to make the additional payments required hereby, the Authority anticipates instituting a water rate increase applicable beginning January 1, 2012 of approximately 10.50%. The City agrees that the water rate increase proposed by the Authority will not be applied in a manner as to compound sewer rates solely by application of the sewer rate multiplier. Notwithstanding the foregoing, the City reserves the right to increase or modify sewer rates as it deems necessary or convenient in its sole discretion.

(9) Indemnification. The Authority shall indemnify, defend and hold harmless (with counsel selected by the City is its sole discretion) the City and its officers, Council members, employees, agents, successors and assigns (the "Indemnified Parties"), from and against any and all injuries, losses, claims, damages, costs, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), liabilities, fines, penalties or settlement amounts, threatened, incurred, or imposed on or against the Indemnified Parties arising from or related to the conveyance or subdivision of any right, title or interest in the real property subject to this Third Addendum. This Section 8 shall survive the expiration or termination of the Lease.

(10) Take-Back Powers. The City shall retain all rights and powers by operation of law, including, but not limited to, the Municipalities Authorities Act, 53 Pa. C.S.A. 5622 , to require the Authority to convey the water system to the City upon assumption by the City of the obligations incurred by the Authority with respect to the water system (the "Take-Back Powers"). Except as provided below, the Authority shall not take any actions which will hinder, limit or interfere with the City's Take-Back Powers, including, but not limited to, entering into any agreement, contract, loss obligation, bond, trust indenture or pledge that contains terms that limit, directly or indirectly, or attempt to limit the City's Take-Back Powers. Notwithstanding the foregoing, the City acknowledges that in the exercise of its responsibilities to operate and maintain the Water System, of necessity the Authority will routinely enter into transactions, including the issuance of debt, the employment of personnel pursuant to collective bargaining agreements and other transactions that may have the affect of increasing the obligations of the Authority with respect to the Water System that the City will need to assume to exercise its Take Back Powers. There is no intent to restrict the Authority's ability to operate and maintain the Water System by entering into such transactions so long as such transactions are entered on commercially reasonable terms, are necessary for the efficient operation of the

Water Systems, and were entered with no intent to hinder, limit or interfere with the City's exercise of its Take Back Powers. Without limiting the generality of the foregoing, the Authority shall not enter into any transactions or allow any encumbrance that would hinder, limit or interfere with the City's assumption of the Ontelaunee Property in the event the City exercises its Take-Back Powers except with the prior written consent of the City executed by the City's Mayor and authorized by Ordinance (which consent may be withheld by the City in its sole and absolute discretion). Any such transaction, agreement or encumbrance shall be deemed against public policy and be null, void and unenforceable by all courts of competent jurisdiction.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania has caused this Third Addendum to be executed in its name and on its behalf by its Mayor and its official seal to be affixed hereunder and attested by its City Clerk, and the Reading Area Water Authority has caused this Agreement to be executed in its name and on its behalf by its Chairperson or Vice Chairperson and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

City of Reading

Reading Area Water Authority

By: _____
Mayor

By: _____
Chairperson

Attest: _____
City Clerk

Attest: _____
Secretary